



AUDIT OF THE CANADIAN EMBASSY

THE HAGUE

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**Foreign Affairs Canada and International Trade Canada
Office of the Inspector General
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EXECUTIVE SUMMARY

An audit of the General Relations, International Business Development, Consular, and Administration Programs in The Hague was conducted during the period May 27 to June 4, 2004. The last audit of the Mission was conducted in April 1997 and the scope of the audit was limited to the Administration and the Consular Programs.

Canada enjoys an excellent relationship with the Netherlands with a history of positive bilateral relations, a sizable Dutch ethnic population living in Canada and strong trade ties. The role of the Mission is evolving multilaterally with The Hague becoming the home of international courts and the seat of the Organization for the Prohibition of Chemical Weapons (OPWC).

The Mission is effective in delivering its programs and achieving its goals and objectives. More attention, however, is required by management to improve teamwork, communications and staff morale. More coordination and cooperation is required between Mission Programs, including staff of other government departments (OGD) represented at the Mission. While weekly management meetings are held to share information and discuss upcoming events, there is no agenda and no minutes of these meetings are taken. Alternating these meetings with Committee of Mission Management (CMM) meetings with only Program Managers in attendance is suggested as a forum to discuss management issues and to take decisions. Decisions need to have the backing of the full CMM and be communicated jointly from the Head of Mission (HOM) and Program Managers to staff - not through the Management/Consular Officer (MCO) as has been the case. Communications can also improve through more frequent all staff meetings, distributing CMM minutes to staff and having the Locally Engaged Staff (LES) Committee meet directly with the HOM.

Morale has been affected by the lack of communication, particularly regarding administrative items and the perceived detachment of management. Acrimony has also developed between Administration and some staff to the degree that allegations of inappropriate behaviour have been raised. It is suggested that experts from Headquarters (HQ) visit to help management and staff deal with these issues and make recommendations on required remedial measures.

The General Relations (GR) Program is well managed and focussed. The Mission is responsible for the multilateral program of the OPCW and the Program monitors the various international courts. With the anticipated cut of the Canada-Based Public Affairs Officer, consideration needs to be given to the existing reporting relationship of the function to the Trade Program. Managerial responsibilities and program alignment would be more balanced by having Public Affairs report to the GR Program.

The Trade Program is well resourced with the Program Manager, four Officers, two and a half support staff positions and a CBS Science and Technology

Officer being added in the summer of 2004. The Program will need to reassign roles and responsibilities due to the addition of the new Officer, and the potential realignment of the Public Affairs Section. More emphasis is required by the Program Manager (PM) on establishing Accountability Agreements with staff, related workplans and measurement criteria that will allow both the PM to better monitor operations and demonstrate results, and the staff to exercise more autonomy and independence.

The Consular Program is operating well under the supervision of the Deputy Management Consular Officer (DMCO). The Program needs to explore receiving payments through direct deposit and to complete a Contingency Plan for the Mission.

The Administration Program has implemented long overdue measures, not all of which have been popular. Much effort was spent to rationalize the budget and reduce spending. The budget is insufficient to adequately resource Mission operations. Support from HQ will be required to increase the budget to the appropriate level. While Administration's relationship with its clients needs strengthening, there is also a need for the MCO to improve communications internally. This can be provided through the establishing of workplans and holding Program and Sectional meetings.

A total of 26 audit recommendations are raised in the report; 25 are addressed to the Mission and one is addressed to Headquarters (HQ). Management has responded to each recommendation indicating action already taken or decisions made, as well as future action. Of the 26 recommendations, management has stated that 15 recommendations have been implemented. For each of the remaining 11 recommendations, management has indicated the initiatives in progress or the intended future action.

SCOPE, OBJECTIVES, MISSION RESOURCES

Audit Scope and Objectives

The scope of the audit included a review of Mission Management and the General Relations (GR), International Business Development, Consular and Administration Programs. An Appendix to this report lists, by Program, the specific areas that were examined during the audit.

The audit objectives were to:

- assess management controls and systems, procedures and activities that make up the program;
- determine the extent of compliance with legislation, regulations and operating policies;
- assess the reliability and adequacy of information available for decision-making and accountability purposes;
- ensure resources are judiciously used and that the Department is receiving value-for-money; and,
- make recommendations, where warranted, to improve the economy, efficiency and effectiveness of programs.

MISSION RESOURCES FACT SHEET

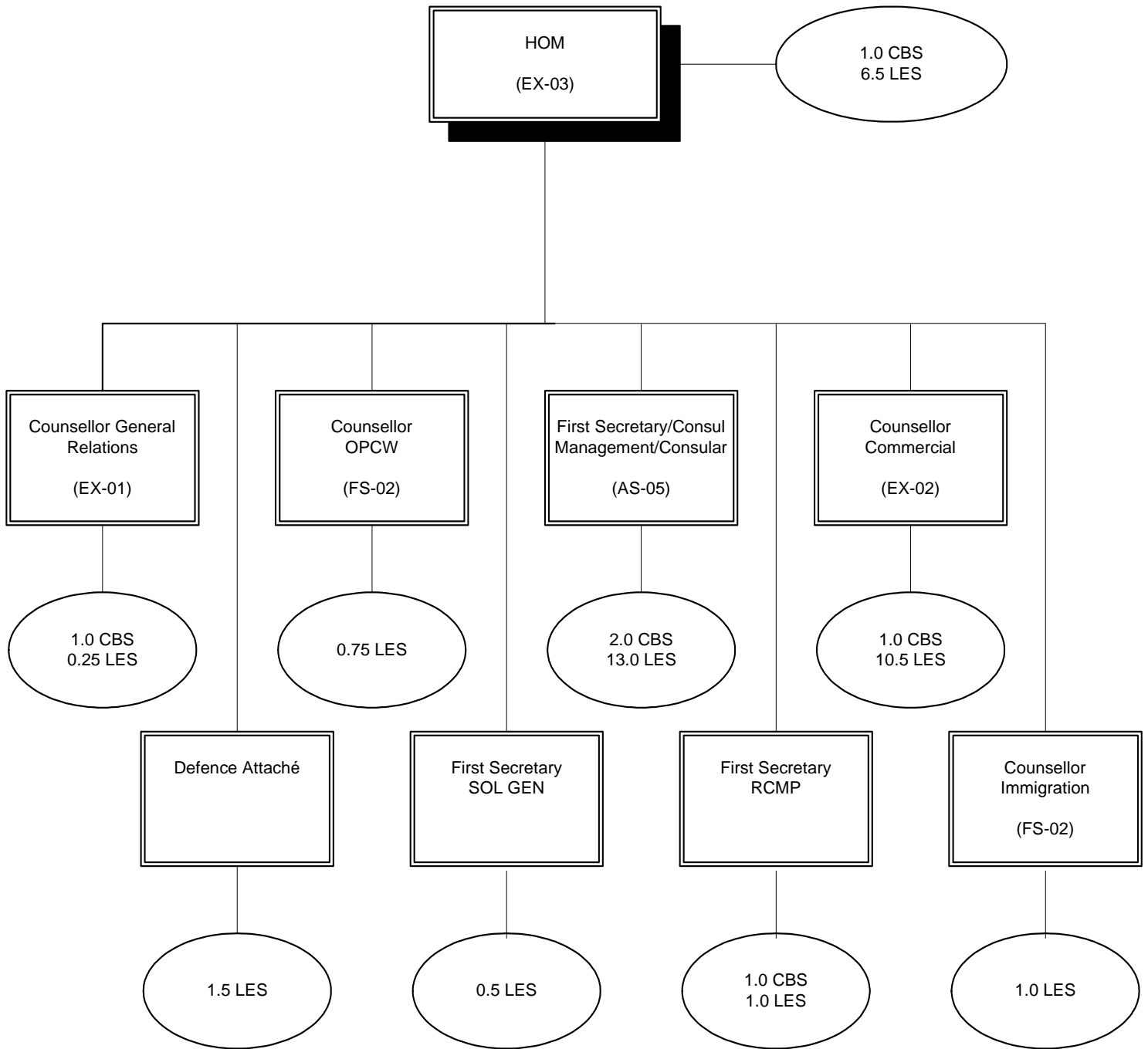
Physical Resources

Assets	Crown Leased	Crown Owned
Chancery	0	1
Official Residence	0	1
Staff Quarters	9	5
Vehicles	0	5

Financial Information 2004/05

Operating budget (N001)	\$1,297,432
Capital Budget (N005)	91010
CBS Overtime Budget (N011)	10550
CBS Salaries Budget (N011)	743924
LES Salaries Budget (N012)	2038457
Total	\$4,181,373

Organization Chart



MISSION MANAGEMENT

1.1 Overview

1.1.1 The Mission is managed by an experienced HOM, who provides support and direction to the FAC and ITCan Programs, as well as the four OGDs. The HOM's focus has been on external activities and events for which he is highly regarded by his management team and staff. More attention, however, is required by the HOM on internal management to ensure better coordination and cooperation between Programs and OGDs, to improve communications and to address low morale.

1.1.2 The weekly expanded management meeting is used primarily for information sharing and looking ahead at upcoming events. While useful, this meeting is not seen as a forum for discussing issues and making decisions. There is no agenda for this meeting and minutes are not kept and, therefore, are not available to staff. It is suggested that these meetings alternate with every second meeting being the Committee on Mission Management (CMM) which would include only Program Managers. A set agenda including administrative items should be established with minutes of these meetings maintained and distributed to staff.

Recommendation for the Mission

1.1.3 The Mission should hold formal CMM meetings with an agenda and a record of minutes or decisions that are made available to staff.

Mission Action and Time Frame

1.1.3 Implemented. Once every four weeks, Heads of Program discuss and decide on administrative matters. Minutes are distributed to all staff, including LES.

1.1.4 Management decisions are seen to be arbitrary and are often communicated through the Management Consular Officer (MCO). This has put Program Managers out of the loop and placed undue burden on the MCO as the focus of enforcement. *** Issues affecting staff individually should be communicated through their respective Managers (e.g. sick leave and other absences) and not the MCO. There are strong and in some cases very demanding personalities among CBS and LES. Morale has therefore suffered in the Mission and relationships particularly between Administration and the OGDs and between the MCO and some staff (CBS and LES) have been strained.

1.1.5 Mission Management, and all Programs, need to demonstrate commitment to establishing and maintaining a respectful workplace for all staff. A key element of this commitment will be establishing a zero-tolerance policy on

unprofessional behaviour, including abuse of authority. There is staff perception that such behaviour exists to varying degrees. Valid or not, such a perception needs to be addressed. Consistent adherence to such a policy, by all management and staff - CBS and LES, by attitude and action would go a long way towards clarifying perceptions and establishing confidence and trust, thereby opening the door to meaningful discussion.

1.1.6 Due to a perceived indifference from senior management, there has been a reluctance on the part of the staff to raise issues of concern. Apprehension and fear of reprisals were common themes expressed during interviews with the staff.

1.1.7 Efforts are required by the Mission, with support from HQ, to assess the present situation with the help of professionals to counsel both management and staff and then determine subsequent pro-active measures required, such as cultural awareness and team building sessions. The HOM fully supports this and has already taken measures on his part to improve management practices, communications and interpersonal relations.

Recommendation for the Mission

1.1.8 The Mission, in consultation with HQ, should engage professional services to investigate the causes of low morale and counsel management and staff on corrective measures.

Mission Action and Time Frame

1.1.8 Professional services from HQ have been engaged by the Mission and a “retreat” is planned for December with full support from Mission management.

1.1.9 Communications with the LES, including Official Residence (OR) staff, need to be greatly improved throughout the Mission. There are few all staff meetings and, when held, they are seen as one-way communication on topics determined by management. The LES Committee should meet not only with the MCO and the DMCO but also with the CMM and the Head of Mission (HOM) regularly. Policies need to be reviewed and explained openly, so that all staff understand the basis for management intervention. Allowing the LES Committee to meet on-site during working hours would facilitate the process and generate goodwill.

Recommendation for the Mission

1.1.10 Mission Management should meet regularly with the LES Committee.

Mission Action and Time Frame

1.1.10 Meetings with all staff now take place every four weeks. Meetings with LESAC take place once a month. Management is represented by the heads of the Commercial and Public Affairs Sections (the two largest in addition to Administration) in addition to the MCO and head of the Consular (in his capacity as HR manager).

1.1.11 Appraisals need to be completed by Program Managers, even for those employees at the top of their increment levels. Appraisals should be done on an annual basis in order to provide timely feedback on the performance of staff and to set relevant objectives.

Recommendation for the Mission

1.1.12 Supervisors should complete yearly appraisals for all staff.

Mission Action and Time Frame

1.1.12 Implemented.

1.1.13 The Deputy Management/Consular Officer (DMCO) is the de-facto training coordinator for the Mission. The Mission makes use of training opportunities that are made available locally and through Headquarters (HQ), but there is no formal, overall Mission training plan linked to Mission objectives. One area of interest raised by staff is that of French language training. The Mission has raised the issue with HQ, but unfortunately no funding is available. An overall Mission training plan would assist the Mission to identify priorities in times of budget constraint.

Recommendation for the Mission

1.1.14 Develop an annual training plan for all staff that prioritizes the Mission's training requirements.

Mission Action and Time Frame

1.1.14 This will be completed by the end of the fiscal year.

GENERAL RELATIONS PROGRAM

2.1 Overview

2.1.1 The Mission in The Hague is a bilateral mission with a significant multilateral program. Bilateral relations are extremely good, based on a long and positive history between Canada and the Dutch and a significant immigrant community in Canada. The Mission is focussing on a new impetus to Canada-Dutch relations, moving away from the traditional historical ties such as WWII commemorative activities to branding Canada as a high tech player and building on Dutch investment activities (fourth largest investor in Canada). The Dutch have created a high level committee of government officials, academics and individuals from the private sector to identify new areas and initiatives of bilateral cooperation with Canada. The second half of 2004 will see the Dutch assume the European Union Presidency.

2.1.2 There is increasing interest and involvement by the Mission in the various international courts located in The Hague which is becoming the legal capital of the world. A significant commitment on the part of the HOM and the Political Counsellor is required to monitor proceedings and make representations. Legal expertise is seen as an asset in dealing with court issues. The OPCW is also a focus of the Mission with one CBS and a half LES fully dedicated to this file.

2.1.3 The Political Program is managed by an EX-01 with a CBS Economics Officer and a half time LES Secretary providing support. The Program is well managed and focussed. Work is driven by events related to the various bilateral initiatives and court proceedings with direct tasking from the Geographic and Legal Bureaux and the Department of Justice. The Program Manager devotes 40 percent of his time to bilateral relations, 30 percent on international courts and legal issues and the balance supporting the HOM on program and administrative activities. The Economic Officer covers a wide range of issues including trade policy (working with the Trade Program), the European Union, aid policy, human rights, organizing visits and economic reporting. The Economic Officer and Program Manager support and back up each other.

2.2 Public Affairs

2.2.1 Public Affairs is a large Section headed by an FS-02 with three and one-half LES. The Section reports to the Trade Program Manager rather than through the General Relations Program as is more traditionally done. Approximately one Full Time Equivalent (FTE) is devoted to trade activities, i.e. 25 percent of the FS-02 Head of Public Affairs, 50 percent of the Cultural Officer and 25 percent of the Education Media Officer. Trade activities cover publishing, music and education marketing sectors and include organizing missions to Canada and the use of Client Service Funds (CSF). Cooperation between the Section and the Trade Program is good.

2.2.2 The Cultural Officer's activities are centred in Amsterdam where he spends at least one day per week. The major objective is to focus awareness of Canada in the various arts by maintaining contacts, promoting artists and initiatives with Canadian content and leveraging influence through the use of Client Service Funds, the Cultural Discretionary budget, Post Initiative Funds and hospitality funds. The Education Media Officer manages media relations, trying to ensure accurate and timely information dissemination to influence positive communications on Canada. The Information Officer maintains the Web site, translates documents and articles and provides back-up on media related issues.

2.2.3 The Section is well managed with direction and support provided by the Program Manager to his staff, with good communications and teamwork between officers and the Program Manager. The Mission and the Public Affairs Section face a considerable challenge in dealing with the proposed elimination of the Program Manager position. Roles and responsibilities within the Section will need to be reassigned and reporting relationships changed. The Mission will need to consider the continuing feasibility of having the Section report to the Commercial Counsellor or whether to place it under the management of the General Relations Program (in which case the Trade component of the Section's mandate will have to be considered). At the same time that reporting relationships are determined, there will be an opportunity to examine the job packages of each staff member to determine the optimum balance of program priorities with existing capabilities. Rationalizing these may result in further resource savings. It will also be important for management to develop goals and objectives along with measurable outputs and results for each of the positions under the new arrangement.

2.2.4 Funding for the Section also needs to be considered. Funding levels are minimal considering the size of the Section and the many initiatives and events that they are involved in. PIF funding is only \$20,000 with an additional \$10,000 in cultural discretionary funding and the Public Diplomacy funding of \$60,000 is scheduled to end after 2004/05. Many opportunities are foregone due to lack of funds.

Recommendations for the Mission

2.2.5 In consultation with HQ, determine the optimal reporting relationship for the Public Affairs Section.

2.2.6 Reassess the job packages for the remaining four LES in the Section in line with the new reporting structure.

2.2.7 Ensure that goals and objectives are set for each employee along with measurable outputs and results.

Mission Actions and Time Frames

- 2.2.5** Reporting relationship being reviewed in light of HQ split between FAC and ITCan. Should be completed by next posting season at the latest.
- 2.2.6** Being done, in light of the above.
- 2.2.7** This will be completed by January 31, 2005.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

3.1 Overview

3.1.1 The Commercial Section is headed by the Trade Program Manager (an FS-02 acting in an EX-01 position). He is supported by three LES Commercial Officers, one LES Investment Officer, two LES Commercial Assistants and a part time Secretary. In addition, the CBS Public Affairs Officer reports to the Trade Program Manager and is responsible for a number of trade files (see section 2.2.1). A new CBS Science and Technology officer position has been approved and the incumbent will arrive in the summer.

3.1.2 The Dutch market can be characterized as a stable market within Western Europe accounting for just over \$3 billion in trade between Canada and the Netherlands each year. About half of this amount are exports from Canada dominated traditionally by primary and semi-fabricated materials, although the share of manufactured products (computer and office equipment, electronics, machinery and instrumentation) is rising. Both countries have recently given new priority to encouraging stronger science and technology relations, particularly at the company level. Of interest is the fact that the Dutch rank as Canada's fourth largest investor with many of the larger Dutch multinational companies such as Philips, Unilever, Shell, ING Group and Akzo-Nobel having a significant presence in the Canadian market.

3.2 Management of the Program

3.2.1 The Trade Program is of significant size with one CBS and seven LES. With the new Science and Technology (S&T) Officer arriving this summer, there will be overlap with the current LES officers handling S&T and investment. Already there is some overlap with the Investment Officer and the Trade Program Manager. With few enquiries, low trade numbers and few missions visiting the Netherlands, the Program is refocusing its efforts to place more emphasis on proactive rather than reactive work and to find ways to demonstrate its value added. The Public Affairs Program was moved into the Trade section by the previous HOM to meet the needs of the then incumbent CBS and to increase the commercial promotion of cultural products. With the proposed elimination of the CBS Public Affairs position, the Mission should rethink the reporting relationships between Public Affairs and Trade (see recommendation in 2.2.5 of this report).

Recommendation for the Mission

3.2.2 Review the roles and responsibilities of the Trade Officers given the new S&T Officer position and potential repositioning of the Public Affairs Section.

Mission Action and Time Frame

3.2.2 This will be completed by the next posting season when changes would take effect.

3.2.3 On the whole, there is a good atmosphere within the Program. The Program is generally staffed with experienced, self-motivated officers who are knowledgeable of their assigned sectors. The Program Manager is open and accessible, meets regularly with his team, and has developed a good planning process. Recognizing that the responsive workload faced by the Program was low, the Trade Manager developed a strategic work plan with staff which emphasised proactive work in the areas of trade promotion, investment and S&T relations. The new methods have been met with some resistance and deadlines have not always been met. This has resulted in a need for closer supervision from the manager which has been perceived by some staff as “micro-management”. Continued coaching and feedback should result in successful management of this change process. Once this is achieved the Program Manager will need to play a more strategic role by taking on higher level activities appropriate to his experience and position and provide more autonomy to his staff to perform their duties. To facilitate autonomy and empower employees, the Program Manager should draw up Accountability Agreements with all his staff. These would be based on the current strategic plan and would include detailed workplans that outline expectations and performance measurements that are results-based. These should then be used to monitor operations, assessing officers’ performance through focussing on results.

Recommendation for the Mission

3.2.4 Draw up Accountability Agreements between the Trade Program Manager and his staff based on expected results.

Mission Action and Time Frame

3.2.4 Accountability Agreements with detailed work plans have been introduced.

3.3 Planning

3.3.1 The Program Manager has instituted a good planning process for the IBD Program. The IBD plan shows a logical chain between activities and outcomes expected in the short and medium terms based on sectoral initiatives that include CSF events. The plan also integrates all aspects of the IBD Program, trade development, investment and science and technology. There has been an emphasis on corporate liaison visits which are being conducted with appropriate participation of the Business Development Officers (BDOs), Trade Program Manager and the HOM. More effort is

required to identify corporate calls within an overall strategy for the Mission's Program, although the extent of outcalls is hampered by limited travel and operational funds. More detailed workplans, as mentioned above, for officers flowing from the overall program plan will enhance priority setting as well as facilitate monitoring and assessment of performance.

Recommendation for the Mission

3.3.2 Develop an integrated strategy for corporate outcalls.

Mission Action and Time Frame

3.3.2 Integrated strategy for corporate outcalls has been developed as part of overall investment promotion plan.

3.4 New Approach

3.4.1 The New Approach is understood by staff, but there is still inconsistent usage of the tools available to officers and managers, especially WIN tracking, the Post Support Unit and the Business Management Agreement. The Trade Program could benefit by implementing the Trade Commissioner Services recommended Information Centre concept. This will help the Program to control and respond to enquiries and manage other information requirements more efficiently and effectively. By routing all enquiries through the Information Centre, the burden of responding to low level, routine enquiries is removed from the BDOs, allowing them to concentrate on higher level activities. The Information Centre also acts as the repository for all information received and sent by the program.

Recommendation for the Mission

3.4.2 Implement an InfoCentre per HORIZONS best practices.

Mission Action and Time Frame

3.4.2 An InfoCentre became functional in August 2004.

3.5 Performance Measurement

3.5.1 The activities and initiatives pursued by individual officers and assistants are monitored on an on-going basis by the Program Manager and are discussed at the biweekly program meetings. However, there is no systematic manner in which results are tracked and performance measured. There is a need to establish a core set of performance indicators and to establish specific targets with respect to clients reached, client satisfaction, service delivery and anticipated outcomes. The Program Manager

has started to incorporate performance expectations in the program plans. Once this type of information is captured, the program will be able to determine which strategies, activities and initiatives provided the most value to targeted clients. This will in turn allow the program to adjust priorities, redirect operations and reallocate resources. It can also provide input at the departmental level in assessing the validity of existing policies and strategies.

Recommendation for the Mission

3.5.2 Develop the capability to collect, analyse, and evaluate performance data regarding clients reached, services provided and results achieved.

Mission Action and Time Frame

3.5.2 Accountability agreements and work plans are being reviewed to ensure that they contain clear performance indicators. Establishment of info centre now permits tracking of service delivery.

3.6 Resources

3.6.1 As stated above, the program is well resourced in FTEs, and the Client Services Fund (currently at \$90,000 per year) is sufficient for the level of trade development activity in the Netherlands. However, zero operational funds and minimal travel and hospitality budgets impede officers' ability to accomplish more than their planned CSF activities. In addition, the officers lack basic tools such as Blackberries and laptops which could improve their effectiveness and efficiency while they are away from the office.

CONSULAR PROGRAM

4.1 Overview

4.1.1 The Consular Section is supervised by the Deputy Management Consular Officer (DMCO) reporting to the MCO who is the Program Manager. The DMCO is on his first posting but has many years of experience in the Consular Bureau (JPO) and the Passport Office. The DMCO has recently begun to take on some responsibilities in Human Resources but this has not had a negative impact on the delivery of the Consular Program. He is assisted by one Locally Engaged Consular Officer and two half time Assistants who provide a high level of service to consular clients. A significant portion of consular workload originates in Amsterdam; however, this is not problematic as The Hague is not far and transportation is excellent.

4.1.2 The Mission issues approximately 25 passports and a dozen citizenship applications and legalisations per week. The passport process is well controlled with all passports approved by the DMCO. Some roles and responsibilities between the DMCO and LES Consular Officer require further clarification as the DMCO continues to involve himself more in human resources matters. Passport stock is maintained in the secure registry with a working supply signed out and kept in the Section. All passport assets were verified and accounted for at the time of the audit.

4.1.3 Consular clients pay by cash as cheques are not accepted in the Netherlands. As many clients send passport applications by mail, this results in consular staff handling considerable cash without the client on hand. Accepting payment by direct deposit would decrease the amount of cash being handled in the Section. Clients are issued official receipts for all services provided.

Recommendation for the Mission

4.1.4 The Mission should explore the possibility of receiving consular payments through direct deposit.

Mission Action and Time Frame

4.1.4 This is being studied and an assessment will be completed by January 31, 2005 as to its feasibility.

4.1.5 A final draft of the Consular Contingency Plan needs to be approved by both Mission Management and the Consular Bureau (JPD). Consular staff estimated that only one tenth of the Canadian citizens in the Netherlands are registered (346) with the Mission, and efforts are planned to increase this figure.

Recommendation for the Mission

- 4.1.6 The Consular Contingency Plan should be completed and approved by the Consular Bureau (JPD).**

Mission Action and Time Frame

- 4.1.6 In process, to be completed by next summer.**

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The Administration Program is headed by an experienced AS-04 Management/Consular Officer (MCO) in an AS-05 position, who has been at the Mission for nearly two years. The MCO has worked hard to improve efficiencies in the program. Concerted efforts have been made to rationalize the Mission's budget by analysing and reducing spending. However, it now appears that the program lacks the resources to meet demands for services. Managers and staff across the Mission are generally satisfied with services provided; however, frustration was expressed with the manner by which changes and decisions are communicated by the MCO. *** The HOM has been supportive of the MCO's efforts to introduce rigour to the program though the MCO indicated that not all Program Managers or staff have shown the same cooperation.

5.1.2 To improve communications among the staff of the Administration Section and to provide better direction, there is a need to meet regularly to share information, adjust priorities, resolve difficulties and reinforce teamwork. These meetings could include monthly all Administration/Consular staff meetings, plus monthly functional section meetings to develop plans, set budgets, analyse workloads and monitor progress. The implementation of workplans would also assist staff in understanding priorities.

Recommendation for the Mission

5.1.3 Develop workplans for staff and hold regular staff meetings for the Administration Program as a whole and smaller regular meetings for the various sections.

Mission Action and Time Frame

5.1.3 Now that staffing vacancies have been filled regular meetings of the Administration Program as well as sectional meetings will be possible.

5.1.4 The Mission has established a biweekly schedule with the Handyman for visits to the OR and the SQs. This has proven to be effective. To further expand on this, the section would benefit from having service standards. These standards would not only allow clients to know the service they can expect, the time frames for delivery of such services, but would also aid the section in making clear the information or action required on the part of clients to process requests.

Recommendation for the Mission

- 5.1.5 Develop service standards for the Administration Section for approval by the Committee of Mission Management (CMM).**

Mission Action and Time Frame

- 5.1.5 Service standards are being developed for approval by the CMM in the fall of 2004.**

5.2 Human Resources (HR)

5.2.1 The HR function is managed by the MCO, who has been working closely with the AS-04 Deputy Management/Consular Officer (DMCO) as he gradually takes on HR functions. The Mission has been working to reorganize the personnel records to ensure files contain up-to-date job descriptions, appraisal reports and leave and attendance records. There has been good use of spousal employment in the Mission.

5.2.2 A benefits survey per the Locally Engaged Staff Services Bureau's (HLD) official process is planned for 2005/2006 which will allow for updating of the LES Handbook after its submission to HQ for approval. The LES Committee indicated that there are a number of issues that staff would like to raise with HLD during the review, such as the choice of markers for benefits review.

5.2.3 Human resource management is particularly challenging in the Netherlands as Dutch labour law is complex. The Mission and other embassies in the Netherlands are examining the possibility of forming a working group to resolve common HR issues with the local authorities (for example, the status of third country nationals that include varying degrees of privileges/immunities, a current contentious issue with the Mission's LES) and to hire a local labour lawyer to provide advice, given the complicated labour environment found in the country.

5.2.4 The Mission plans to undertake a review of LES job descriptions and classification levels. This review will examine changing a vacant consular position to an administration position, adding duties for drivers during down-time and determining if the receptionist should be tasked with certain specific consular duties.

5.2.5 There has been no interest from CBS spouses to fill the vacant Community Coordinator contract. With the vacancy in the Property Manager position, the Section would benefit from a Community Coordinator organizing CBS arrivals, to help new arrivals settle into the Mission and to provide local information to CBS. The Mission could look for external resources by considering contracting a Canadian expatriate resident or a spouse from another suitable diplomatic mission for this upcoming year if there continues to be no internal interest.

Recommendation for the Mission

5.2.6 Recruit a Community Coordinator as soon as possible.

Mission Action and Time Frame

5.2.6 Difficult because of local circumstances, but this summer's posting season took place without glitches even though there was no Community Coordinator. The Property Manager position has now been filled and the Mission will advertise again for a Community Coordinator in the new year.

5.3 Physical Resources

5.3.1 The Physical Resources Section is managed by the MCO. Since October 2003, the Section's service has been less than ideal, due to the vacancy of the LES Property Manager position. The Secretary/Administration Assistant and the Handyman have taken on extra responsibilities during this time and the Mission has conducted two competitions without being able to attract qualified candidates. The Mission will be carrying out a third competition shortly, but should examine hiring an emergency employee or contractor for the posting season to alleviate the workload during this busy period. If feasible, the Mission may wish to look at temporarily hiring an Administration Assistant to allow the Secretary/Administration Assistant to work full-time in the Property Manager position during this period. The Mission has made a concerted effort to improve its record keeping in this section.

5.3.2 The Mission has deferred maintenance work (painting, carpet replacement) for the aging Chancery in anticipation of the upcoming Annex construction project and the resulting Chancery renovation. The Chancery suffers from severe overcrowding. The renovation project has been delayed due to scope changes and the integration of two separate projects. SRD will need to work closely with the Mission to develop plans for the project including finding a Site Manager and developing a staff relocation plan during the construction phases.

5.3.3 While there has been communications with staff on the progress of the Chancery expansion and renovation project, there is still some level of uncertainty and misunderstanding regarding this project. Given the sensitivity of such projects, the Mission should consider developing a communications strategy for the Mission expansion and renovation project to provide staff with updates and ensure an efficient transition.

Recommendation for the Mission

- 5.3.4 Develop a communications strategy for staff regarding the new Chancery project.**

Mission Action and Time Frame

- 5.3.4 At new monthly meetings, all staff are kept abreast of developments by the HOM and the MCO.**

5.3.5 Canada owns the most prestigious Official Residence (OR) in The Hague, situated on a 22 acre site. A formal analysis should be undertaken to determine the feasibility of using a portion of the grounds to construct SQs.

Recommendation for Physical Resources Bureau (SRD)

- 5.3.6 SRD and the Mission, in conjunction with the Assistant Deputy Minister - Europe (MPD), should undertake a formal study to determine the economical and political feasibility of constructing SQs on the OR grounds.**

SRD Action and Time Frame

- 5.3.6 SRD had met with local government officials in the past and it was suggested at that time that staff quarter development may be a possibility on the OR site subject to requisite approvals. This is currently not a priority and SRD has no intention to pursue this in the near future.**

5.3.7 The Mission has started to relocate some SQs from the traditional area of Wassenaar and moving closer to the Chancery, which is proving cost effective and suitable for family configurations. The SQs visited by the Audit Team were found to be of good quality and well furnished, though the three Crown-owned units visited appear tired and in need of refurbishment. These units are scheduled to have gutters and downspouts repaired as a result of a building condition report recommendation.

5.4 Finance

5.4.1 Finance is effectively managed by the MCO who also serves as Mission Financial Officer (MFO). The MFO takes his responsibilities seriously and is actively engaged in controlling financial operations, monitoring the function appropriately. Day-to-day responsibilities are handled by an experienced Accountant with the support of two half time Assistants. The Accountant is knowledgeable, well organized, and diligent. Both Assistants are relatively new to their positions and could benefit from

further accounting training. Mission accounts are well organized and appropriate processes and controls are in place, including proper segregation of duties.

5.4.2 The MCO has taken measures to analyze and reduce spending as he inherited large budget deficits on his arrival. Despite these measures, the budget remains very tight with limited funds available for items such as official language training and the emergency replacement of the Property Manager. A review of the budget needs to be undertaken by the Mission and the Area Management Office - Europe (RAM) to address the current operating budget shortfall and the anticipated shortfall in LES salaries when all positions are filled this summer.

5.4.3 A review of three months of accounts and bank reconciliations indicated timely input of funds transfers and consular revenues deposited into the bank account within 24 hours of receipt. The Mission maintains a low cash balance in the bank account and the practice of performing a daily bank reconciliation against the on-line bank statement aids the Mission in monitoring and controlling transactions.

5.4.4 The Mission utilizes internet banking to pay vendors with four CBS issued electronic “calculators” enabling them to release payments. The Accountant has access to the online bank statement for monitoring purposes but can not release payments. Payment runs in IMS are released by the MFO and vendors are inputted by Headquarters.

5.4.5 Possibilities for increased processing efficiencies exist as a high volume of transactions, many for small amounts, are regularly entered into IMS. Measures which need to be considered to decrease the workload include:

- Decreasing the number of small transactions entered, for example travel/meal expenses, through greater use of petty cash funds and/or advances. Operating budgets could be devolved to each section for these expenses.
- Exploring the possibility of paying utilities on a single document with a single transfer. Payments made to one vendor should be consolidated as much as possible.
- Reducing the number of vendors and ensuring suppliers bill monthly rather than for each transaction.

5.4.6 Hospitality diaries for the HOM and a number of officers were audited. The Mission has an official hospitality policy and Officers maintain hospitality diaries for each function and submit quarterly Hospitality and Expense reports. The review revealed no major observations; however, more attention to details is needed, such as offering more descriptive evaluation of events, and properly documenting the claim with proof of payment.

5.4.7 The Contract Review Board (CRB) assesses all contracts at the Mission regardless of value. The CMM should set a minimum level below which contracts do not have to be reviewed. Spot checks could be undertaken to ensure proper compliance on contracts of smaller value. Clear guidelines should be distributed to staff members involved in contracting indicating service standards for replies to contracting inquiries. It may prove useful for the MCO to offer a contracting workshop to selected staff involved in the contracting process, particularly if a minimum threshold is determined by the CMM.

5.4.8 Consular revenues are deposited weekly on the same day as they are received by the Accountant, with the Accountant providing the Consular Officer with an official receipt. The Consular Section completes EXT-119 (Record of Fees Received) and issues official receipts for all services.

Recommendations for the Mission

5.4.9 Increase use of petty cash or advances for small repetitive expenses.

5.4.10 Consolidate payments to vendors.

5.4.11 Establish a minimum level below which contracts can be spot checked by the CRB.

Mission Actions and Time Frames

5.4.9 Petty cash funds will be established where requirements dictate. This should be completed by the end of January 2005.

5.4.10 Payments for one vendor have already been consolidated and we are pursuing for other principal vendors.

5.4.11 Implemented. Criteria have been established for review of contracts by the Contract Review Committee.

5.5 Information Management

5.5.1 Information Technology support is provided by a Locally Engaged Information Technology Professional (LEITP) who reports to the MCO. The Foreign Service Information Technology Professional (FSITP) is based in Brussels. This summer will be particularly busy with SIGNET 3 being rolled out to the Mission.

5.5.2 The LEITP is a conscientious employee who makes every effort to respond to user queries as quickly as possible. More formalized planning would be useful for this function, in particular the formulation of a workplan for the LEITP and the

development of a training plan for Mission users. A training plan will prove particularly valuable following SIGNET 3 installation, and it is suggested that the LEITP survey users after installation to determine training needs and integrate these into a Mission-wide training plan.

Recommendations for the Mission

5.5.3 A workplan should be developed for the Information Management Section.

5.5.4 A survey of informatics training needs should be conducted and the results integrated into a Mission-wide training plan.

Missions Actions and Time Frames

5.5.3 This will be completed within three months of the arrival of the new MCO.

5.5.4 This will be completed by the end of the fiscal year.

5.5.5 The LEITP's current office is not suitable with only a very small space serving as both his workstation and the server room. As an additional server rack will need to be installed with SIGNET 3, he will need to relocate to the basement as the servers will require all of his current workspace.

5.5.6 The Mission has OCTEL but is currently only using it for night service. All calls go directly to the Receptionist during working hours. A large number of calls are routine in nature while others are immigration or visa inquiries which are referred to another Mission but tie up the switchboard. Installing an OCTEL script to assist with routine inquiries should be explored.

Recommendation for the Mission

5.5.7 Explore implementing an OCTEL script for answering regular inquiries.

Mission Action and Time Frame

5.5.7 Implementation of OCTEL scripts has been requested and will be actioned during the next visit by the Brussels Technician.

APPENDIX

The following tables indicate the areas of each Program that were reviewed to determine compliance to policies and procedures and to assess efficiency and effectiveness. For each Program listed, reference can be made to the specific audit guides on the Office of the Inspector General (SIX) Intranet site containing the detailed audit criteria and audit procedures applied during the audit.

The focus and extent of on-site work is based on an assessment of materiality and related risk. This is done through communication with HQ bureaux, including briefings by line management and the functional bureaux responsible for each of the areas listed below, review of relevant HQ and mission documentation and past audit findings and an analysis of recurring trends and systemic issues.

During the audit, audit issues and lines of enquiry are further refined from information gathered through interviews with the HOM and Program Managers, a meeting with the LES Committee, individual interviews with staff, and results of other documentation reviewed.

The level of audit work for a given area is therefore based on issues and information identified and gathered at all levels, HQ, mission management, and mission operations. Accordingly, not all areas receive equal attention. More work and time are devoted to material and high risk issues, particularly those of interest to management. Occasionally, due to time limitations or other factors, it is not possible to provide audit coverage for all areas. Areas not covered are noted in the Scope and Objectives Section of the report.

Mission Management

Accountability Agreements	Communications
Strategic and Operational Plans	Hub and Spoke Relations
Program Integration and Coordination	Other Government Departments
Committee Structure	Performance Measurement

General Relations Program (Political/Public and Cultural)

Management of the Program	Media Relations
Program Planning	Cultural Affairs
Political Reporting	Performance Measurement
Economic Reporting	

International Business Development Program

Management of the Program	Investment
Program Planning	Science and Technology
New Approach Framework	Trade Policy and Market Access
Trade Development	Performance Measurement

Consular Program

Management of the Program	Citizenship Services
Service to Canadian Citizens	Honorary Consuls
Passport Processing	Admission to Canada

Administration Program Management

Management of the Program	Services Standards
Program Planning	Communications
Policies, Systems and Procedures	Performance Measurement

Human Resources

Management of the HR Function	Classification
Staffing	Pay and Benefits
Staff relations	Training and Development
Official Languages	Health and Safety
Community Program Activities	Import of Goods

Physical Resources

Mission Property Management Plan	Official vehicles
Chancery	Inventories
Official Residence	Materiel Management
Staff Quarters	Recreational Property
Maintenance	Disposals

Finance

Budget Process	Reconciliations
Control Framework	Banking
Expenditure Authority and Payment	Cash Accounts
Receipt and Deposit of Money	Advances
Transfers (COs, IOs and SOs)	Petty Cash
Cost Recovery	Currency Conversion
Contracting	Hospitality

Information Technology

Training	Capacity
Equipment Configuration	Contingency and Back-up
Systems	Web Sites
Service	PSAT